

OGC HAS REVIEWED.

Approved For Release 2001/08/31 : CIA-RDP80-01370R000500040005-8

SECRET

DD/S

57-0058

LS 7-0024

4 JAN 1957

Executive Registry

8-9507

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Special GEHA Insurance Program

1. This memorandum contains a recommendation in paragraph 4.

2. Certain situations have arisen, in connection with Agency operations, which are not adequately provided for by existing insurance programs. In general, these situations combine a high degree of hazard with extreme sensitivity and in some cases unusual administrative circumstances. Payment of direct benefits equivalent to insurance by the Agency might endanger the individuals' rights under the U. S. Government Employees Compensation Act as that Act requires an election of benefits provided by the Government. However, we have been informed by the Bureau of Employees Compensation that payment of insurance premiums by the Government would not impair the individuals' rights under the Act.

3. Consequently, we propose that the Government Employees Health Association (GEHA), a corporation established to service this Agency's insurance needs, set up a special program to meet these rare and specialized cases. Normally GEHA contracts with major underwriters for such coverage. In this case, due to the unusual risk and high sensitivity, it is proposed that GEHA underwrite the program itself. Since it has not adequate reserves established, the proposal contemplates the Agency advancing \$100,000.00 to GEHA to be retained until reserves are built up out of premiums and then to be returned to the Agency. Initially the premiums would be \$1,000.00 per man covered per year for a straight \$15,000.00 life policy. A contract has been prepared between the Agency and GEHA to establish this program and the Board of Directors of GEHA have approved its terms.

premium to be paid out of project funds *OK*

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4. Recommend approval of the execution of this contract.

25X1A

LAWRENCE R. HOUSTON
General Counsel

Concur
CPC
DDCI
17 Jan 57
The recommendation in
paragraph 4 is approved.

25X1A

18 JAN 1957

Allen W. Dulles
Director

25X1A

NOTE: Original of Agreement
to [REDACTED] Insurance Division,
Office of Personnel.

LRHouston
1/22/57